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SUBJECT: Sudan: Unity Fund Chair on Sanctions Trip, Electoral
Politics, Development

CLASSIFIED BY: Robert E. Whitehead, Charge d'Affaires; REASON:
1.4(B), (D)

11. (SBU) Summary: Charge met January 27 with General Yahia Hussein Babiker, erstwhile Deputy Director of the National Intelligence Service of Sudan and current Secretary General of the Unity Support Fund. Babiker, who joined a delegation to the United States to discuss the ins and outs of the U.S. sanctions regime, spoke briefly about his visit before launching into wide-ranging discussion about another potential political crisis brewing between the National Congress Party (NCP) and the Sudanese People's Liberation Movement (SPLM), commenting on electoral politics, citing development efforts in the South and the East, and noting that the Government of Sudan (GOS) was interested in exploring the purchase of agricultural commodities from the United States to compensate for a grain shortage in Sudan. The discussions were interesting, although we have received conflicting reports on political developments from senior SPLM officials. End Summary

A Better Understanding of Sanction Dos and Don'ts

12. (SBU) Babiker opened with an upbeat assessment of his January visit to Washington; he said that the visit had afforded the GOS a clearer understanding of U.S. sanctions that have had a significant impact on Sudan's economy, especially in the oil sector. Babiker said that he recognizes that sanctions are unlikely to be lifted in the short term; nonetheless, based on the information gained during the visit, the Government of Sudan (GOS) realized that it would be able to work with certain U.S. companies to obtain Office of Foreign Assets Control (OFAC) licenses for certain medical and perhaps agricultural purchases without violating sanctions. Babiker told Charge that he hopes that U.S. agricultural companies will eventually be able to visit Khartoum. "We need to start somewhere," he concluded.

"No Thanks" from NCP to Post Referendum Mediation Assistance

13. (C) To Charge's query on how the NCP had reacted to the AU High

Level Panel work plan on post-referendum issues, Babiker told Charge that the parties prefer to negotiate directly between themselves without the assistance of an outside mediator. He said that they would request outside expertise from donors as needed. He was lukewarm on an expanded role for the Assessment and Evaluation Commission (AEC), and Babiker responded that there might be a continuing advisory role of some sort. According to Babiker, the NCP's Saeed El Khateeb would meet with the SPLM's Luka Biong again on January 28 to discuss the 2011 referendum and post 2011 planning. Babiker said that GOS Vice President Ali Osman Taha and Government of Southern Sudan (GOSS) Vice President Reik Machar are still examining ways to resolve the census issue. In order for post 2011 negotiations to succeed, the Charge responded, both sides must reach consensus on how to handle the post-referendum issues if there is to be sufficient political will to succeed.

SPLM and NCP Tangoing Toward Elections

14. (C) Babiker downplayed rumors of another potential crisis between the two parties and claimed that relationship between the

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NCP and SPLM was actually "warming." He said that GOS Second Vice President Taha had called GOSS President Salva Kiir Mayardit to talk about a number of elections-related issues and informed Kiir that the NCP will not put up a presidential candidate to contest elections in the South. Babiker said that, off the record, he viewed the nominations of Yassir Arman by the SPLM and Sadiq Al Mahdi by the Umma Party as unlikely to present a serious challenge of President Bashir. He speculated that Arman's nomination might even be a negotiating ploy to wring concessions out of the NCP that would lead to Arman's withdrawal and some sort of electoral alliance. He noted that both the Umma and Umma-Renewal candidates continued to ramp up their campaigns while declaring the environment was not conducive to free and fair elections and hinting as possible boycott. He thought that they too might be looking for side deals.

Unity Fund Projects in South Total 300 Million

15. (U) Babiker described the work of the Unity Fund that the GOS established in 2008 to fulfill the 2005 CPA mandate to make unity attractive. To date the Fund has constructed 31 schools throughout the boundary states where North meets South, established water projects, and addressed infant mortality and maternal health. Babiker said that the Fund's portfolio for 2009-2010 totals some 300 million US dollars.

Promoting Greater Development in East

16. (U) Babiker cited ongoing discussions about the need for a closer focus on development in Sudan's Eastern states, especially

Red Sea State. He said that he hoped the US would be represented at the February donor's conference in Kuwait that will seek to mobilize development resources for Eastern Sudan, which suffers the highest rates of malnutrition in Sudan but also has the country's largest gold mine, main port and major oil pipeline. Charge replied that while the bulk of U.S. development and humanitarian assistance is currently channeled to Darfur and the South, the United States is cognizant of and would like to respond as able to needs in the East.

Interested in Amber Waves of Grain?

17. (SBU) Babiker took note of the failed rains throughout much of Sudan last year and said that the GOS would be obliged to import a significant quantity of grain, mostly soy and maize, in coming months. There was interest in undertaking procurements on U.S. markets if this can be brokered, and the price is competitive. Charge encouraged Babiker to consider this option and offered to bring the possibility to USG attention.

Comment

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18. (C) We felt that Babiker was straightforward on most topics, but was disingenuous about the current political climate. Always the outsider for the SPLM, Pagan Amum has since claimed to Charge that the NCP has suspended talks with the SPLM over unresolved border demarcation and census/parliamentary issues and said the SPLM was prepared to boycott national parliamentary elections throughout the South and run candidates only in the North (septel). He admitted that the issue remained under discussion in Juba, and Luka Biong, who is still meeting with the NCP, hinted that Salva Kiir might come to Khartoum as early as January 28 to meet with Bashir.

19. (SBU) Embassy Khartoum does not know how various existing commercial sanctions might affect a GOS request to purchase food commodities in order to palliate the food shortages that confront Sudan and which have already become a preoccupation of the donor community in both Darfur and the South, but we would favor that this possibility be seriously entertained on humanitarian grounds.
WHITEHEAD